

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LYON COUNTY WATER)	
DISTRICT FOR APPROVAL OF TAP FEES,)	
NON-RECURRING CHARGES, AND REVISED)	CASE NO. 9872
RULES FOR PROVISION OF WATER SERVICE)		

O R D E R

On February 25, 1987, Lyon County Water District ("Lyon County") filed an application pursuant to 807 KAR 5:011, Section 10, Non-recurring Charges, seeking to increase the tap fee for 5/8-inch meters, to establish certain non-recurring service charges, and for approval of revised rules governing the provision of water service. On March 23, 1987, the Commission requested that additional information be filed. In response to this request and subsequent telephone conversations on April 2, April 14, and April 27, 1987, Lyon County filed the requested information.

On May 12, 1987, a limited on-site review was conducted by Commission staff. The resulting staff report recommended that an amended application be filed. The staff report was accepted by the Commission. Subsequently, on June 23, 1987, Lyon County filed an amended application which included revised cost data and a request for approval of increased tap fees for larger meters. A telephone conference was also held between Commission staff and Don Robertson, Chairman of the District, on July 8, 1987. A supplemental staff report was prepared as a result of the telephone conference. The supplemental report was accepted by the

Commission, and a copy was forwarded to Lyon County on August 18, 1987. By letter filed August 31, 1987, Lyon County concurred with the supplemental report.

Non-recurring Charges

Lyon County proposed charges for reestablishing discontinued service, reconnection, meter recheck, and meter test and adjustment. The amounts proposed to be charged for these services are supported by the cost data submitted with the exception of the reconnection fee. This charge is applicable when service has been discontinued, but the meter has been left in place. The cost data shows labor time of 1 1/2 hours. The service involved in reestablishing discontinued service is similar, but requires physical replacement of a meter which has been removed. The labor time shown for the latter is also 1 1/2 hours. A lesser amount of time would be required for reconnection than for reestablishing service. The labor time for reconnection of service has, therefore, been reduced to one hour resulting in a decrease of \$5.00 for this service.

Tap Fees

Lyon County proposed to increase tap fees for 5/8-inch, 3/4-inch, 1-inch, 1 1/2-inch, and 2-inch meters. The cost information submitted with the amended application appears to duplicate some of the costs. During the telephone conference with Mr. Robertson on July 8, 1987, Mr. Robertson stated there was some confusion as to the presentation of the various cost elements involved. It was ascertained that Lyon County has an agreement with Russcon, Inc., for standard meter installation which includes

materials, equipment rental and labor, varying in proportion to the cost of meters where larger meters are required. There is a separate agreement for a road bore. Also, some additional pipe, equipment, and labor is required in situations where a road bore is necessary. The Commission is of the opinion that these agreements are a reasonable basis for determination of tap fees for 5/8-inch,¹ 3/4-inch and 1-inch meters with allowance for the greater expense of larger meters. However, the different installation conditions for larger meters may result in costs that vary substantially from installation to installation. Therefore, meters larger than 1-inch should be installed at actual cost.

Revised Rules

Lyon County proposed to revise Original Sheet 6 of its current rules and to expand its tariffed rules by adding Original Sheets 8, 9, and 10. With the exception of Original Sheet No. 8, each of the proposed tariff sheets contains provisions which are

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5/8-inch Meter

Shortside Service

Agreed Price (Materials, Equipment, Labor)	\$250.00
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Longside Service

Agreed Price	\$250.00	
Additional Pipe 50 ft. @ \$.25/ft.	12.50	
Additional backhoe rental and labor		
2 hrs @ \$35/hr.	70.00	
Road Bore - Agreed Price	<u>400.00</u>	
		<u>\$732.50</u>
		\$982.50

\$982.50 ÷ 2 = \$491.25 Average Cost

not in compliance with the Commission's administrative regulations or are in conflict with other portions of Lyon County's currently approved tariff. Some of the necessary revisions were detailed in the staff report and others were discussed during the audit. Commission staff is available to assist Lyon County in making the necessary revisions.

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

1. The staff report was accepted by the Commission and Lyon County, and an amended application was filed by Lyon County in accordance with the recommendations contained in the report. The supplemental staff report was also accepted by the Commission, and Lyon County concurs with the reports.

2. The charges proposed by Lyon County for reestablishing discontinued service, meter recheck, and meter test and adjustment are fair, just, and reasonable and should be approved.

3. The amount proposed to be charged for reconnection should be reduced by the cost of one-half hour labor time for the reasons stated herein.

4. The tap fees proposed by Lyon County are not cost supported and should be denied.

5. The tap fees in Appendix A are fair, just, and reasonable and should be approved.

6. The proposed rules are not in compliance with the Commission's administrative regulations and should be denied. Lyon County should contact Commission staff for assistance in making the necessary revisions.

IT IS THEREFORE ORDERED that:

1. The tap fees and reconnection charge proposed by Lyon County are hereby denied.

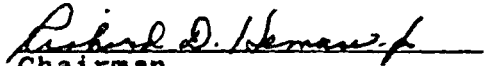
2. The tap fees and non-recurring charges in Appendix A are approved for services rendered on and after the date of this Order.

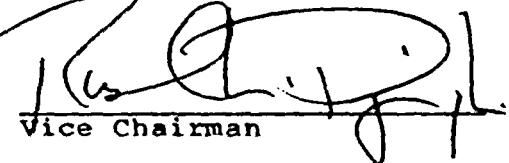
3. The proposed rules are hereby denied.

4. Within 30 days of the date of this Order, Lyon County shall file revised tariff sheets setting out the charges approved herein and rules governing the provision of water service in compliance with Chapter 807 of the Kentucky Administrative Regulations.

Done at Frankfort, Kentucky, this 8th day of September, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9872 DATED 9/8/87

The following rates and charges are prescribed for the customers in the area served by Lyon County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

TAP FEES

5/8-inch Meter	\$500.00
3/4-inch Meter	550.00
1-inch Meter	600.00
Larger Meters	Actual Cost

NON-RECURRING CHARGES

Trip to recheck meter reading	\$ 15.00
Meter test and adjustment	28.50
Re-establish discontinued service (Meter Physically removed)	35.00
Reconnection (Water disconnected but meter remains in place)	20.00